

Full-Year Result 2015

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9 February 2016

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Full-Year Result 2015

Key Points

- Modest expectations for 2015 exceeded
- Refinancing of revolving credit facility secured
- Portfolio focus strategy announced in 2013 finalised
- Solid growth in non-print media sales
- In 2016 profitability will improve

Sanoma in 2015 - Modest Expectations Exceeded

Media Finland

Satisfying result in Q4 in overall difficult year and market

- Profitability during the second half improved significantly aided by market share gains in advertising and cost savings
- New media sales grew and now represent 38% of net sales
- Excellent year in radio operations

Media BeNe

Cross media domain and brand strategy showing good results

- Strong increase in SBS viewing and advertising share
- Stabilising consumer revenues in magazines driven by cross-media approach
- Additional TV amortisations impacted profitability negatively in 2015

Learning

Growing digital and hybrid solutions

- 15% growth in non-print sales in footprint markets
- Digital learning platform Bingel introduced in Finland and Sweden
- Significant market share gains in declining Polish market
- Sales and profitability negatively impacted by the YDP operations in emerging markets

Challenging Media Advertising Markets

Netherlands	FY'14	Q1'15	Q2'15	Q3'15	Q4'15	FY'15
Magazines	-12	-15	-18	-5	-13	-13
TV	+2	-4	-6	+11	+3	+1
Online	+11	+7	+6	+10	+9	+8
Total market*	+4	+1	-2	+3	+1	+1

Finland	FY'14	Q1'15	Q2'15	Q3'15	Q4'15	FY'15
Newspapers	-9	-7	-7	-8	-8	-8
Magazines	-16	-14	-15	-18	-13	-15
TV	-4	-2	-1	-8	-3	-4
Radio	+9	-4	-4	+6	+15	+3
Online	+12	+6	+7	+2	+11	+7
Total market*	-4	-3	-3	-4	-2	-3

Sanoma's expectations for 2016

- Finland: Similar development expected across media sectors as in 2015
- Netherlands: TV advertising market expected to remain at the same level as in 2015

*Source: NL: Sanoma estimates, FIN: TNS Gallup, excl. online search. Total market in the countries includes other smaller categories such as cinema and outdoor advertising.

Group Outlook for 2016

Outlook	2015 Actuals	2016 Outlook
Net sales development (organic)	EUR 1,716.6 million, organic growth -3.4%	“In line with last year or improving (2015: -3.4%)”
Operational EBIT* margin	EUR 83.2 million, 4.8% of net sales	“Estimated to be over 7%”

Divestments and acquisitions done estimated to have impact on net sales of around EUR -70 million in 2016

* Starting from Q1 2016, Sanoma will replace operating profit excluding non-recurring items by Operational EBIT. Operational EBIT is defined as operating profit adjusted for restructuring costs, impairments of goodwill and other intangible assets as well as capital gains and losses.

Sanoma in 2016 – Profitability Will Improve

Media Finland

Turnaround gathering speed

- Consumer sales and reach supported by cross-media offering
- Slight gains in advertising market share
- Several cost and process innovation projects started; last year's cost reduction programme full-year impact

Media BeNe

Building on solid foundation

- Domain strategy and cross-media brands the key differentiators
- Champions League supporting SBS viewing shares
- Digital Pure-Play integration reducing cost base

Learning

Continue transformation to drive sustainable growth

- Renewed offering across markets responding to curriculum and legislation changes
- Continuous investments in technology to support advanced learning methods
- Moderate market share gains based on technological advantages

Group: Continuous cost and efficiency focus

Sanoma in 2016 – Media Finland “Suunta” Initiatives

Long-term revenue enhancement and continuous cost innovations initiatives started in January

- Pricing and bundling of consumer portfolio
- Innovating sales services and processes
- Enhancing offering to B2B customers
- Innovating printing and distribution in newsprint
- Exploring opportunities in Kids & Teens and classifieds
- Innovating marketing processes

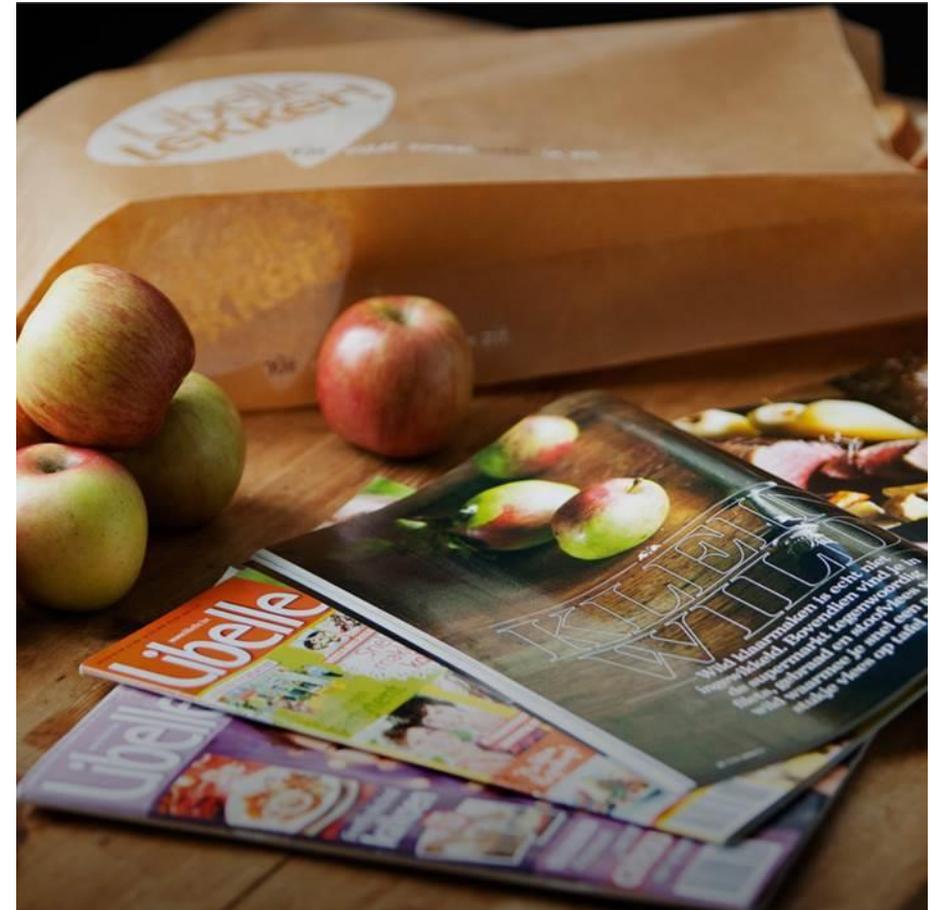
Part of ongoing business operations,
Group Outlook for 2016 takes into account the potential impacts

- Any additional actions to be communicated separately
- Additional to 2015 announced cost reduction programme

Q4 Highlights - BeNe

Organic sales growth driven by digital revenues

- SBS advertising and viewing shares stable in a growing market
- Focus portfolio in magazines showing good results – sales close to last year's level and profitability improved
 - Circulation sales for VT Wonen +32% (home deco), LINDA +11% (women)
- Portfolio pruning finalised with the divestment of Belgian magazines
- Autotrader.nl divested 1 February
 - Number 3 in Dutch car classifieds market
 - Sold to AutoScout24, leading Dutch car classified website



Q4 Highlights - Media Finland

Good quarter in Finland supported by advertising market share gains



- Like-for-like advertising sales at last year's level in a declining market
 - Market share gains in several media sectors
 - New organisation structure with extra attention on top 350 customers
 - Online & mobile sales continued solid growth
- Solid growth in digital consumer revenues continued
 - Helsingin Sanomat: Growth in digital subscription sales close to off-setting the decline in print
- 2015 cost savings programme proceeding according to plan
 - Full impact to be realised by the end of 2016

Q4 Highlights - Learning

YDP restructuring impacted traditionally light fourth quarter

- Nowa Era gained market share in declining markets
- International learning organization YDP – realigning operations
 - Strong corrective actions taken during Q4
- Cost savings across Learning businesses implemented
 - Leaner leadership team in place



Sanoma's Key Strategic Priorities



Fulfil customer needs in selected media brands and domains

Utilise growth and digital transformation opportunities in Learning

Accelerate cost innovation



Improve cash conversion and deleverage our business

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Financials

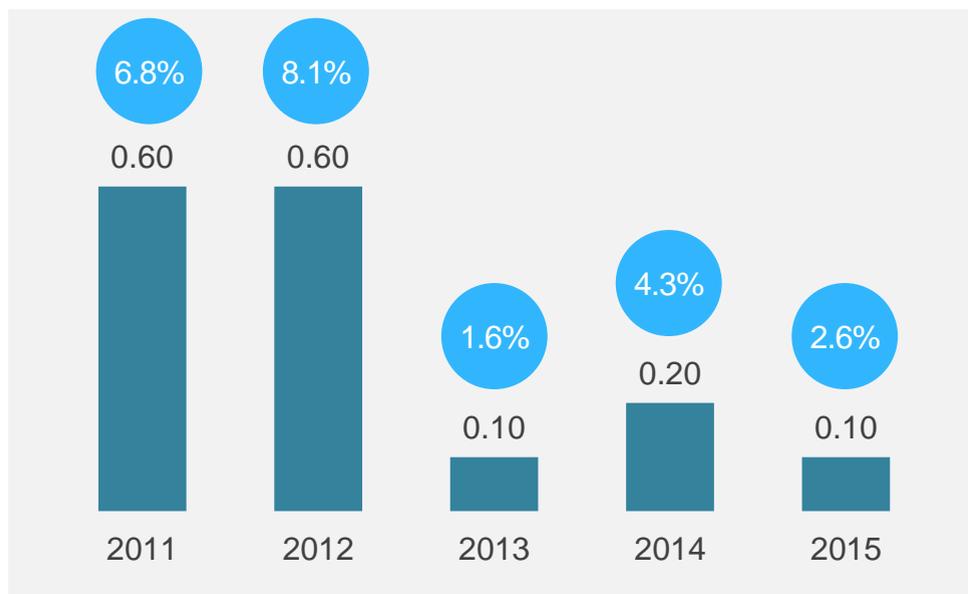
Q4 2015 – Financial Overview

- Net sales, organic growth -3.0%, EUR 408.8 million (452.5)
- EBIT excluding non-recurring items, EUR -8.9 million (-5.6)
 - **Media Finland** – Better than estimated revenues as well as cost savings, including variable remuneration, contributed to profitability
 - **Media BeNe** – As communicated earlier, additional TV amortisations of EUR 15 million lowered profitability
 - **Learning** – Negative development in YDP offset by the renewed prepublication amortisation schedule (impact around EUR +2 million in Q4/2015 and +6 million in FY2016) and lower costs
- New media sales growth 6.4%, EUR 172.6 million (162.2)
 - Online and mobile sales grew by 18% in Finland and 10% in BeNe
 - TV and radio sales grew by 6% in Finland

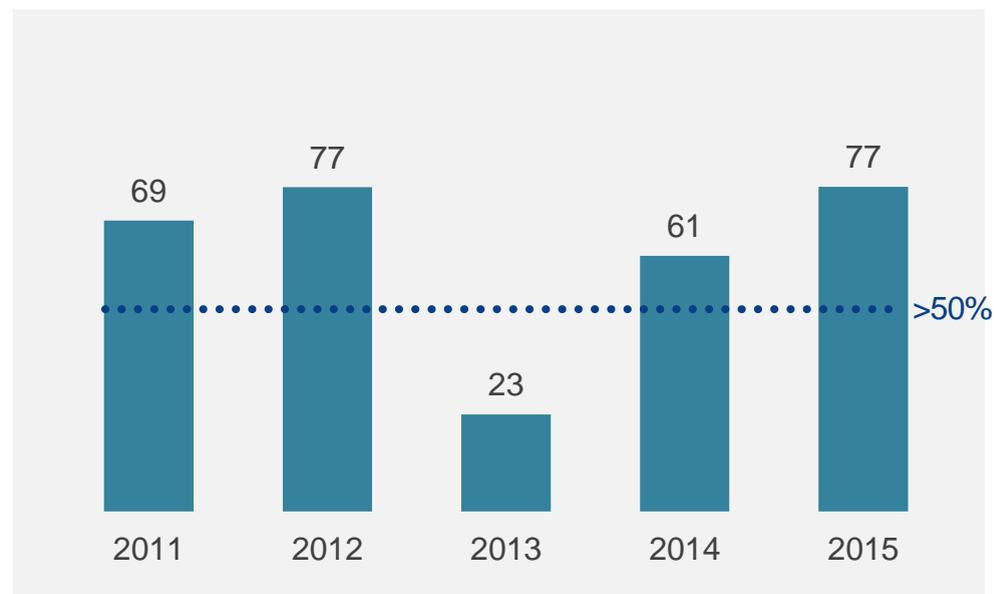


Dividend per share EUR 0.10*

Dividend per share and dividend yield**



Payout ratio (DPS / EPS excluding non-recurring items, %)



Dividend policy

Sanoma conducts an active dividend policy and primarily pays out over half of Group result excluding non-recurring items for the period in dividends

* Proposal of the Board of Directors to the AGM.

** Closing price of last trading day of the respective year.

Net Sales Development

Q4 2015

	10–12/2015 EUR million	10–12/2014 EUR million	10–12/2015 organic growth, %
Group	408.8	452.5	-3.0
Media BeNe	227.6	241.5	+0.6
Media Finland	152.2	165.5	-2.9
Learning	23.3	30.9	-24.2
Other & elim.	5.7	14.5	-31.1

EUR million



Media BeNe:

Organic sales growth driven by TV as well as online and mobile. Reported sales impacted by divestment of Belgian magazine titles.

Media Finland:

Advertising sales supported by market share gains. Double-digit growth in online & mobile sales, partly due to acquisition. Portfolio changes impacted negatively.

Learning:

Net sales of international e-learning company YDP declined in the seasonally minor quarter.

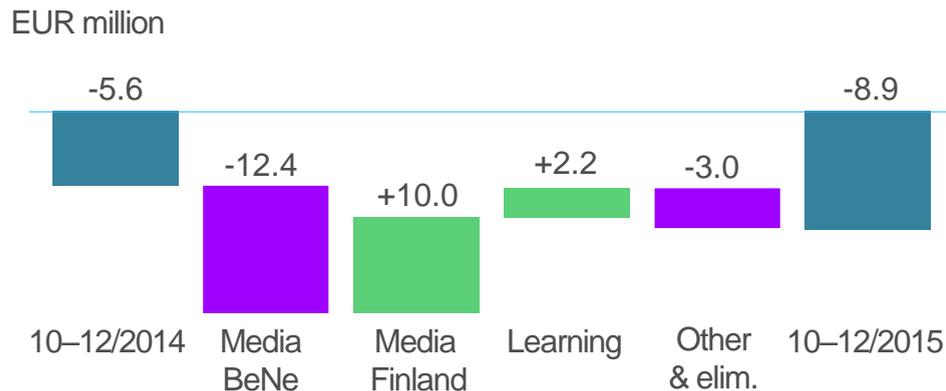
Other:

Decline is related to divestments and weaker sales development in non-core operations.

EBIT Excluding Non-Recurring Items Development

Q4 2015

EUR million	10–12/2015	10–12/2014
Group	-8.9	-5.6
Media BeNe	10.9	23.3
Media Finland	15.6	5.6
Learning	-24.9	-27.1
Other & elim.	-10.5	-7.5



Media BeNe:

- + Cost efficiency as a result of smaller portfolio and domain approach
- Additional TV amortisations
- Divestment of magazines in Belgium

Media Finland:

- + Cost savings
- + Good development in advertising sales

Learning:

- + Renewed amortization schedule for prepublication rights
- + Cost savings
- Write-downs and restructuring in YDP

Other:

- Lower result in remaining operations

Income Statement

Reported figures impacted by multiple divestments

EUR million	10–12/2015	10–12/2014	1–12/2015	1–12/2014
Net sales	408.8	452.5	1,716.6	1,901.6
EBITDA excl. non-recurring items	88.7	73.8	389.3	392.0
<i>of net sales</i>	<i>21.7%</i>	<i>16.3%</i>	<i>22.7%</i>	<i>20.6%</i>
Amortisations related to TV programme rights	-51.5	-44.1	-186.2	-159.9
Amortisations related to prepublication rights	-5.0	-6.0	-24.4	-25.1
Other amortisations	-35.4	-21.8	-73.2	-61.4
Depreciation	-5.6	-7.5	-22.2	-26.9
EBIT excl. non-recurring items	-8.9	-5.6	83.2	118.8
<i>of net sales</i>	<i>-2.2%</i>	<i>-1.2%</i>	<i>4.8%</i>	<i>6.2%</i>
Non-recurring items in EBIT	-123.0	-103.5	-206.9	15.0
Total financial items	-8.6	-11.1	-27.4	-41.9
Profit before taxes	-142.4	-121.6	-151.7	90.7
Earnings per share	-0.70	-0.65	-0.91	0.32
EPS excl. non-recurring items, EUR	-0.09	-0.05	0.13	0.33
Cash flow from operations / share, EUR	0.42	0.31	0.16	0.45

Free Cash Flow

Cash flow from operations less cash CAPEX

EUR million					Free cash flow excl. nri	
	10–12/2015	10–12/2014	1–12/2015	1–12/2014	1–12/2015	1–12/2014
EBITDA excl. non-recurring items	88.7	73.8	389.3	392.0	389.3	392.0
TV programme costs	-46.1	-47.0	-197.6	-184.7	-197.6	-184.7
Prepublication costs	-7.2	-7.1	-28.9	-28.5	-28.9	-28.5
Change in working capital	64.4	63.5	-0.7	22.9	2.3	10.8
Interest paid	-1.9	-3.4	-27.6	-35.1	-27.6	-35.1
Other financial items	-2.7	-2.4	-5.4	-14.6	-5.4	-14.6
Taxes paid*	-1.5	-7.6	-36.0	-23.9	-34.3	-28.3
Other adjustments	-25.8	-19.8	-67.9	-54.5	-4.2	-4.9
Cash flow from operations	67.9	50.2	25.2	73.7	89.3	108.2
Cash CAPEX	-11.3	-18.1	-55.1	-51.0	-55.1	-51.0
Free cash flow	56.6	32.0	-29.9	22.8	34.2	57.2

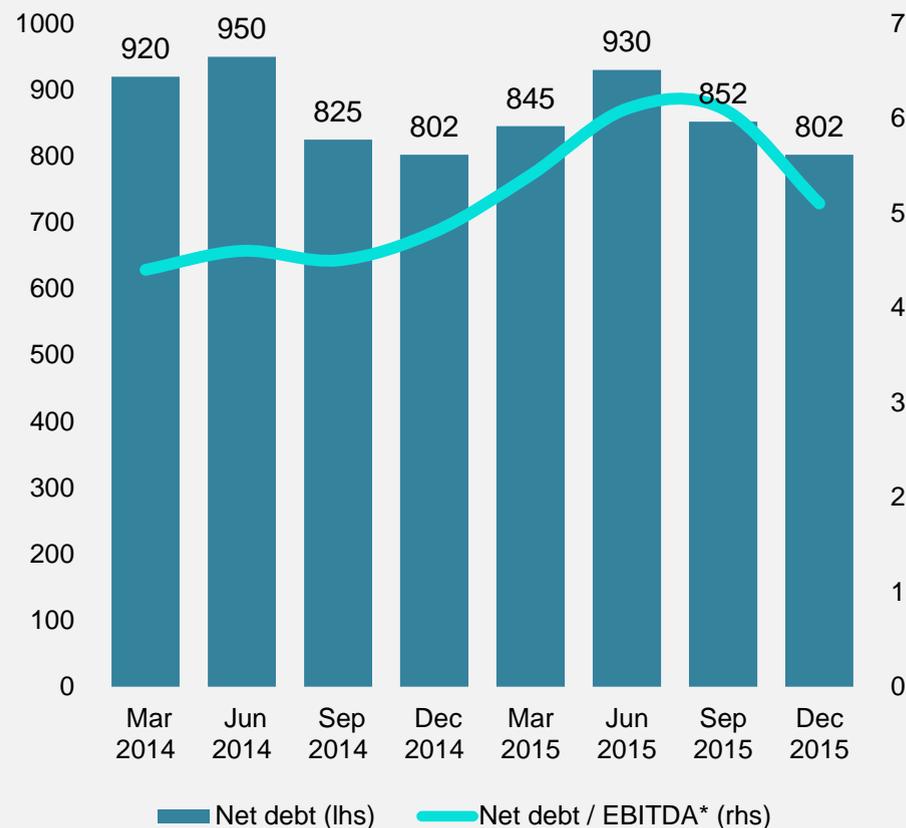
* Taxes paid include tax for the gain on the sale of Sanoma House paid in Q2 2015.

Capital Structure

31 December 2015

- EUR 500 million Syndicated Revolving Credit Facility signed in February 2016
 - Maturity of 4 years, with a 1-year extension option
 - Initial margin of 1.75% over Euribor. Margin depending on the leverage ratio of the borrower
- Net debt: EUR 801 million (Q4 2014: 802)
 - Net debt / EBITDA adjusted 5.1 times (4.8)
 - *EBITDA adjusted: 12-month rolling EBITDA excl. non-recurring items, where acquired operations are included and divested operations excluded, and where programming rights and prepublication rights have been raised above EBITDA on cash-flow basis
 - Net debt / EBITDA based on covenant calculation method 2.4 times (1.5)
 - Average interest rate around 2.7% p.a.
 - Interest sensitivity is around EUR 2.0 million and duration is 11 months
- Total equity: EUR 1,029 million (1,201)
- Equity ratio: 39.5% (42.2%)
- Gearing: 77.8% (66.7%)

Key figures



Q&A

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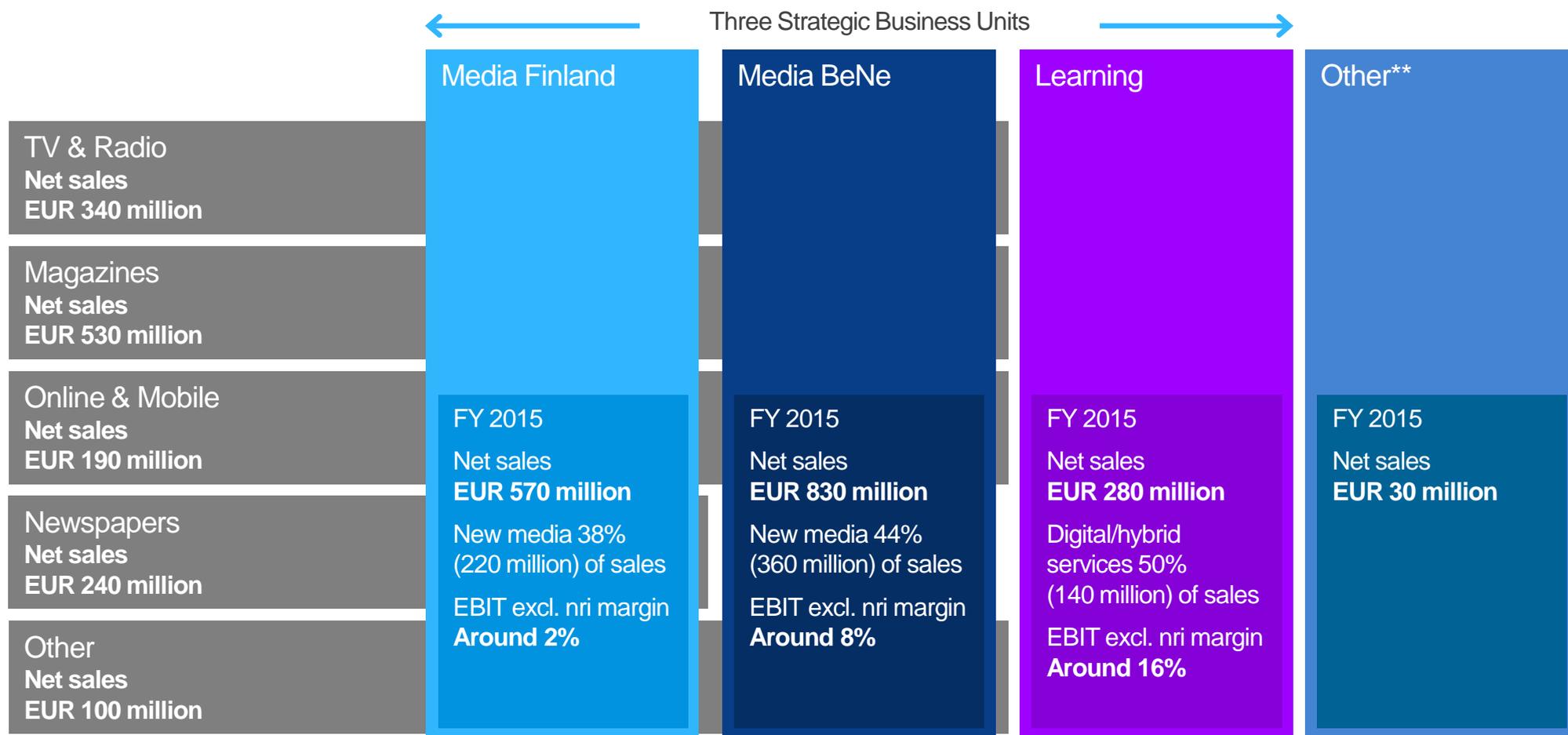
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Appendix

Summary of Operating Performance

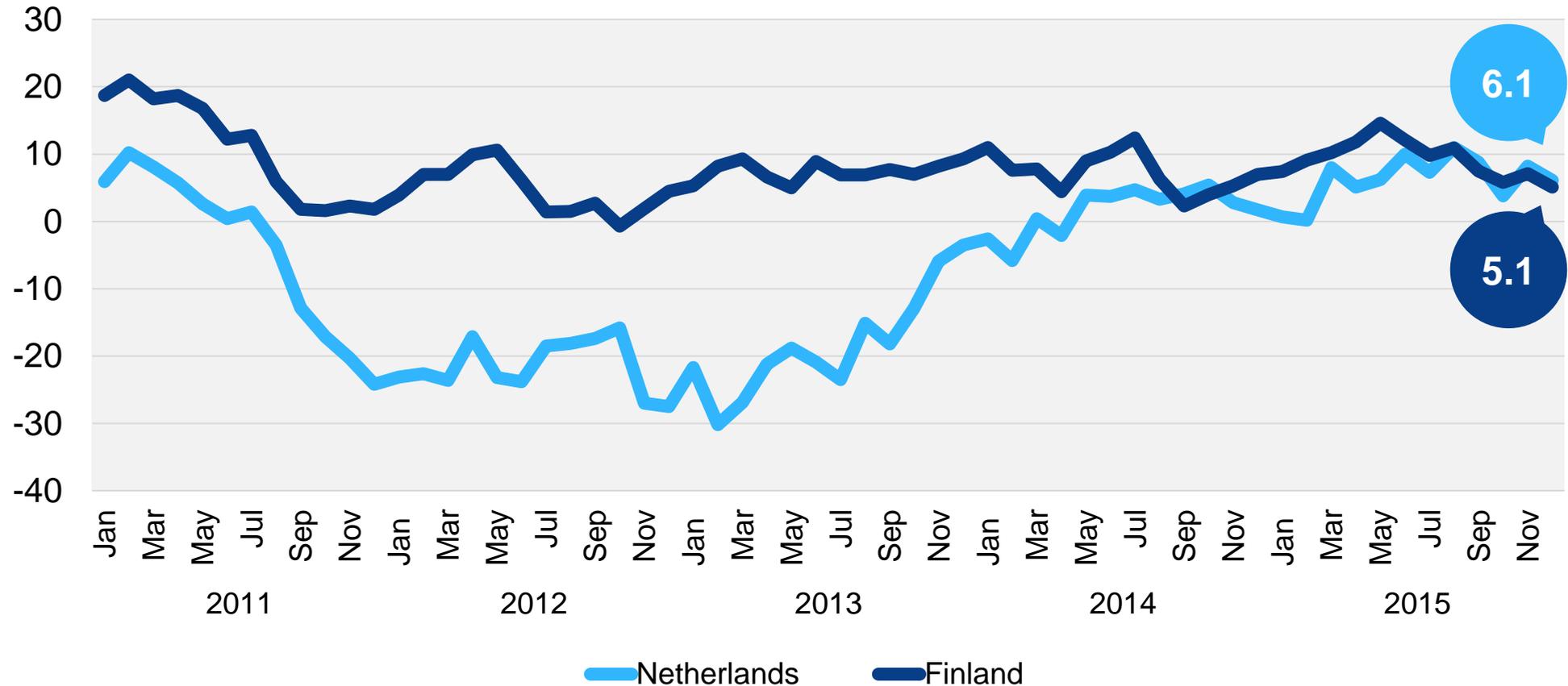
FY 2015* – New media sales: EUR 580 million in Media Finland and Media BeNe



*Figures rounded to closest EUR 10 million.

**Figures do not include Parent company, other centralised Group costs and eliminations.

Consumer Confidence



Source: Eurostat

Net Sales Development

FY 2015

	1–12/2015 EUR million	1–12/2014 EUR million	1–12/2015 organic growth, %
Group	1,716.6	1,901.6	-3.4
Media BeNe	829.5	870.8	-1.4
Media Finland	572.8	637.2	-4.1
Learning	280.5	292.0	-4.0
Other & elim.	33.9	101.6	-29.1

EUR million



Media BeNe:

Net sales declined mainly due to divestments of non-focus magazine titles as well as lower print advertising sales. TV sales increased, supported by higher market share and distribution sales.

Media Finland:

Online and mobile sales grew strongly. Declining print sales led to negative organic growth. Portfolio changes had negative impact on reported net sales.

Learning:

Net sales decline primarily driven by YDP. Increased savings by schools in Finland and Sweden had also a negative impact on net sales.

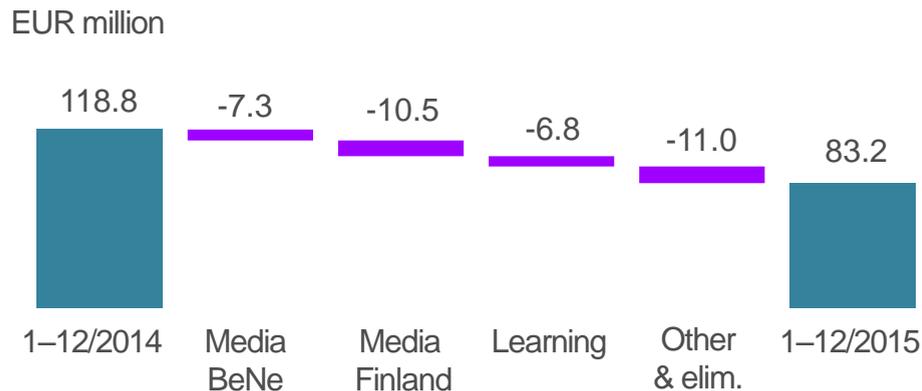
Other:

Decline is mostly related to divestments of Finnish press distribution business Lehtipiste and Hungarian media operations as well as weaker sales in non-core operations.

EBIT Excluding Non-Recurring Items Development

FY 2015

EUR million	1–12/2015	1–12/2014
Group	83.2	118.8
Media BeNe	63.9	71.2
Media Finland	13.0	23.5
Learning	44.7	51.4
Other & elim.	-38.3	-27.3



Media BeNe:

- + Cost efficiency
- + SBS TV operations
- + Focus on smaller portfolio and domain approach
- Additional TV amortisations

Media Finland:

- + Cost savings
- Higher TV programming amortisations

Learning:

- + Cost savings
- Lower sales in YDP
- Lower profitability in Poland as a result of legislative changes

Other:

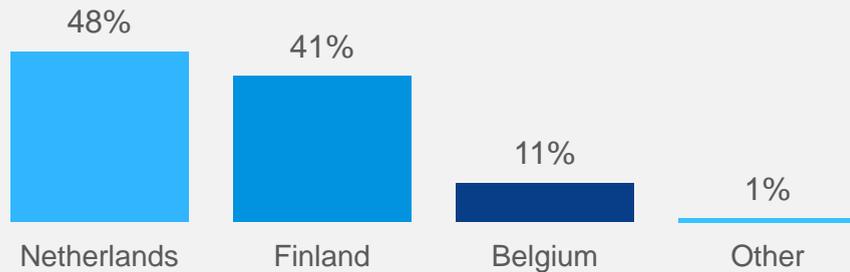
- Sale of Hungarian media operations and other divestments
- Weaker result in non-core businesses

Net Sales Split

FY 2015

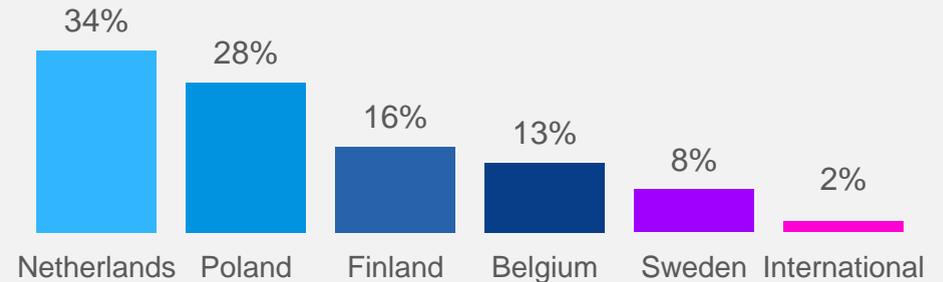
Media operations

Netherlands and Finland 89% of net sales



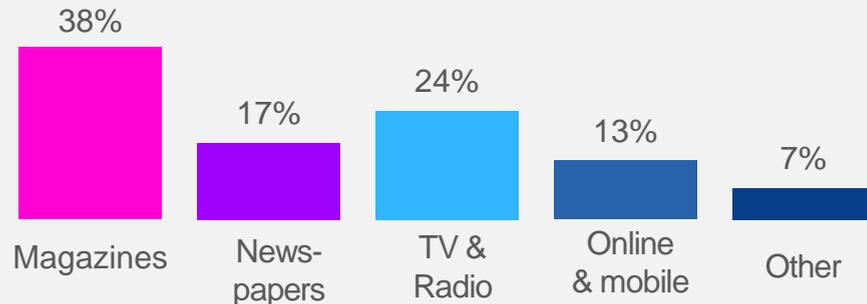
Learning

Diversified portfolio with several key markets



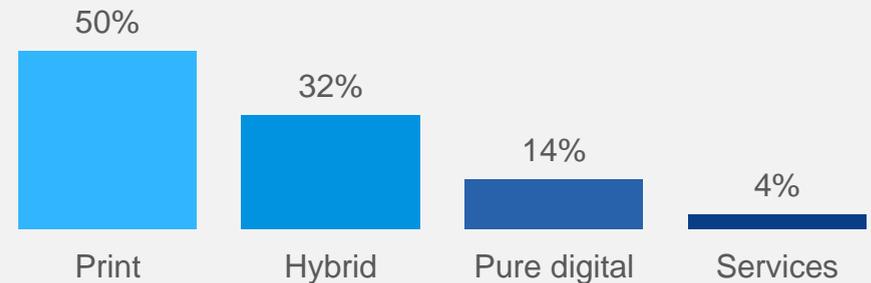
Consumer media (BeNe and Finland)

41% of net sales in new media (EUR 577 million)



Learning

50% of sales is digital / hybrid / services (EUR 140 million)



Media BeNe

Key figures

	2015					2014				
EUR million	FY 2015	Q4	Q3	Q2	Q1	FY 2014	Q4	Q3	Q2	Q1
Net sales	829.5	227.6	196.4	216.0	189.5	870.8	241.5	203.6	231.7	194.0
Digital	316.6	94.9	70.6	83.9	67.1	308.6	90.3	67.8	84.6	65.9
Online & mobile	89.7	27.4	19.8	21.6	20.9	87.2	24.9	20.1	21.8	20.4
TV	226.9	67.5	50.8	62.3	46.2	221.4	65.4	47.7	62.8	45.5
Print	419.9	102.3	102.6	109.4	105.6	479.4	123.2	115.6	125.7	114.9
Magazines	419.9	102.3	102.6	109.4	105.6	479.4	123.2	115.6	125.7	114.9
Other	93.0	30.4	23.1	22.7	16.8	82.8	28.0	20.2	21.4	13.2
EBIT excluding non-recurring items	63.9	10.9	20.1	27.1	5.8	71.2	23.3	13.9	25.7	8.3
<i>% of net sales</i>	7.7	4.8	10.2	12.5	3.1	8.2	9.7	6.8	11.1	4.3
Number of employees (FTE)*	2,020	2,020	2,045	2,081	2,250	2,483	2,483	2,550	2,744	2,756

* At the end of the period.

Media Finland

Key figures

	2015					2014				
EUR million	FY 2015	Q4	Q3	Q2	Q1	FY 2014	Q4	Q3	Q2	Q1
Net sales	572.8	152.2	131.9	145.7	143.0	637.2	165.5	148.0	164.6	159.0
Digital	212.8	59.3	46.6	56.9	50.0	198.7	53.2	43.5	53.4	48.6
Online & mobile	97.2	27.4	22.1	25.7	21.9	84.8	23.2	18.3	22.1	21.3
TV & radio	115.7	31.9	24.6	31.2	28.0	113.8	30.1	25.1	31.4	27.3
Print	356.9	92.0	84.8	89.7	90.5	432.5	110.6	103.1	109.9	108.8
Magazines	112.8	29.7	26.8	27.9	28.4	134.4	35.0	31.8	33.6	34.0
Newspapers	244.6	62.4	58.1	61.9	62.3	300.3	76.2	71.8	77.0	75.3
Eliminations	-0.5	-0.1	-0.2	-0.1	-0.2	-2.2	-0.6	-0.4	-0.7	-0.5
Other	3.0	0.9	0.5	-0.9	2.5	6.0	1.7	1.4	1.3	1.6
EBIT excluding non-recurring items	13.0	15.6	2.0	-2.5	-2.1	23.5	5.6	9.9	7.5	0.4
<i>% of net sales</i>	2.3	10.2	1.5	-1.7	-1.5	3.7	3.4	6.7	4.5	0.3
Number of employees (FTE)*	1,863	1,863	2,100	2,319	2,095	2,508	2,508	2,539	2,865	2,675

* At the end of the period.

Learning

Key figures

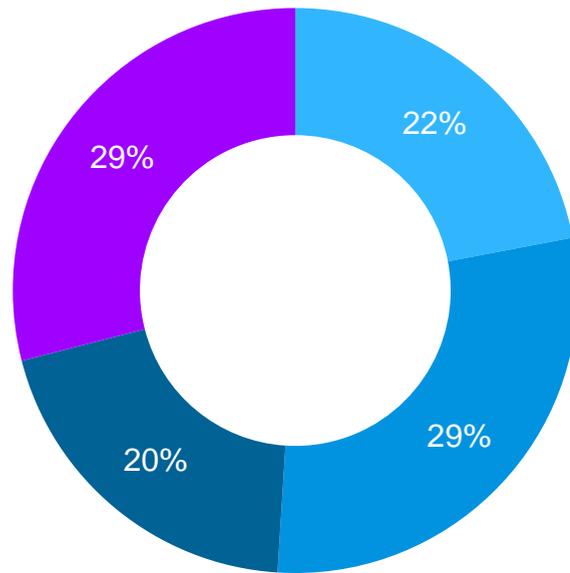
	2015					2014				
EUR million	FY 2015	Q4	Q3	Q2	Q1	FY 2014	Q4	Q3	Q2	Q1
Net sales	280.5	23.3	121.8	97.9	37.4	292.0	30.9	113.0	106.9	41.2
Netherlands	95.3	6.4	27.5	39.9	21.5	98.1	8.3	24.6	40.7	24.5
Poland	84.0	7.4	57.2	12.8	6.6	86.8	12.6	51.1	17.8	5.2
Finland	43.6	3.4	11.0	25.5	3.8	48.3	4.1	10.6	28.8	4.8
Belgium	35.2	3.2	16.3	14.3	1.5	34.8	2.6	16.7	13.6	1.9
Sweden	23.4	3.4	10.2	5.7	4.1	26.1	3.9	10.7	6.5	4.9
Other and eliminations	-1.1	-0.4	-0.3	-0.2	-0.1	-1.9	-0.6	-0.7	-0.5	-0.1
EBIT excluding non-recurring items	44.7	-24.9	49.8	32.5	-12.7	51.4	-27.1	44.4	41.2	-7.0
<i>% of net sales</i>	15.9	-106.7	40.9	33.2	-33.9	17.6	-87.6	39.3	38.5	-16.9
Number of employees (FTE)*	1,507	1,507	1,527	1,515	1,515	1,563	1,563	1,580	1,591	1,613

* At the end of the period.

TV – Net Sales and EBIT Seasonality

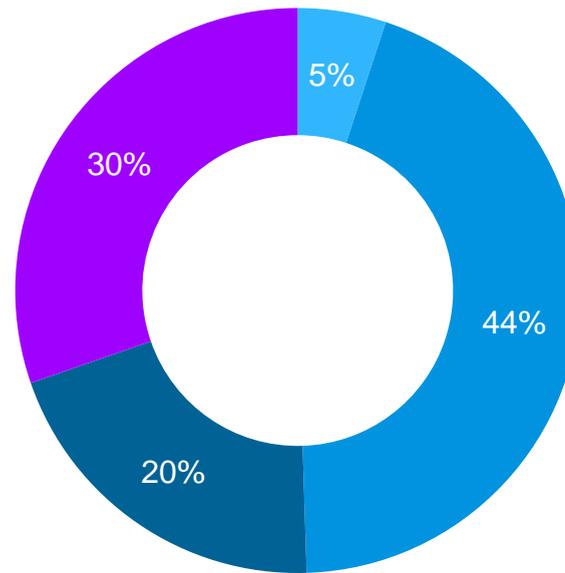
2010–2015 average for Dutch and Finnish TV*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4

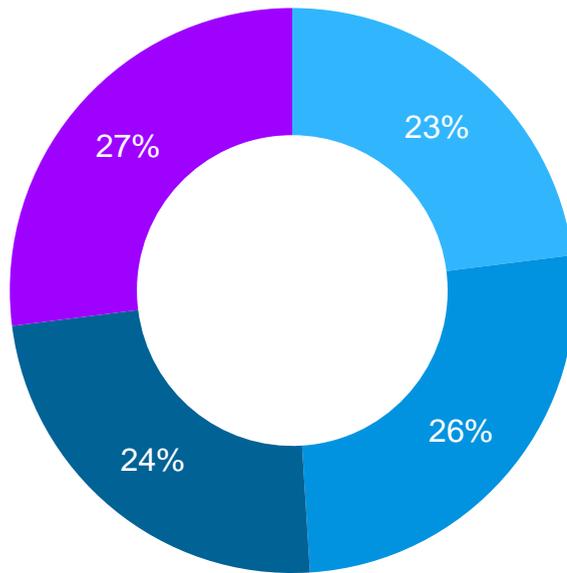
*Includes SBS Netherlands (excluding PPA amortization) and Nelonen Media Finland.
 **Excluding non-recurring items.



Magazines – Net Sales and EBIT Seasonality

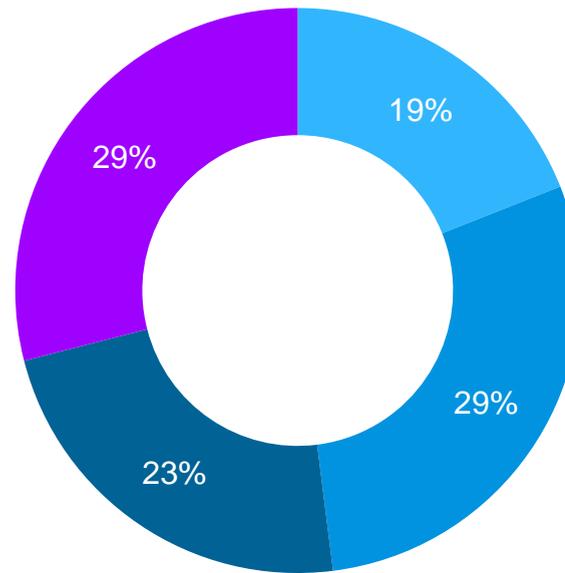
2010–2015 average for Dutch and Finnish Magazines*

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT** split



■ Q1 ■ Q2 ■ Q3 ■ Q4



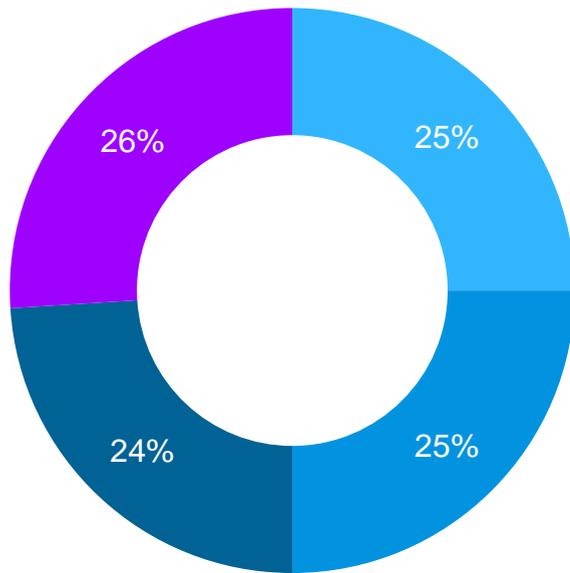
*Includes Dutch and Finnish operations, excluding TV guides. 2010-2012 not restated with IFRS 11 'Joint Arrangements'.

**Excluding non-recurring items.

Newspapers – Net Sales and EBIT Seasonality

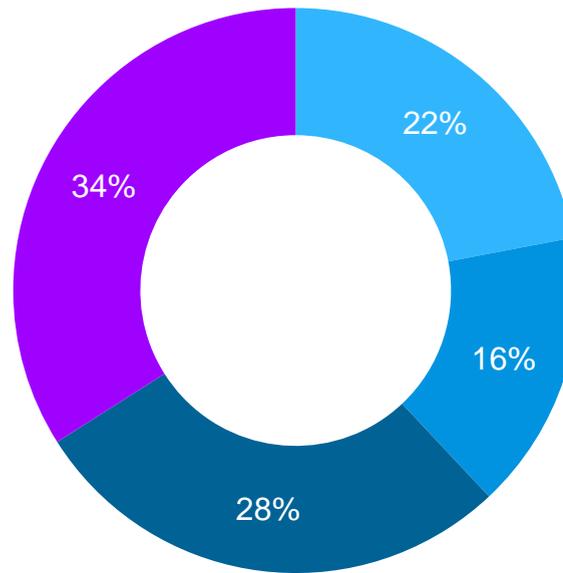
2010–2015 average for Newspapers (Finland) incl. digital business

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT* split



■ Q1 ■ Q2 ■ Q3 ■ Q4

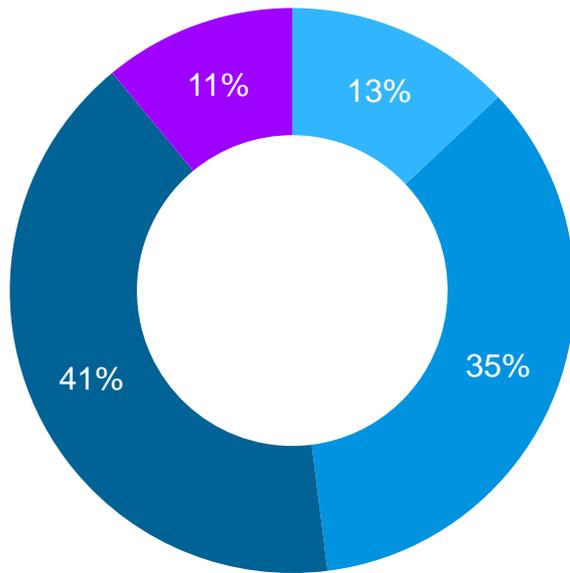
*Excluding non-recurring items.



Learning – Net Sales and EBIT Seasonality

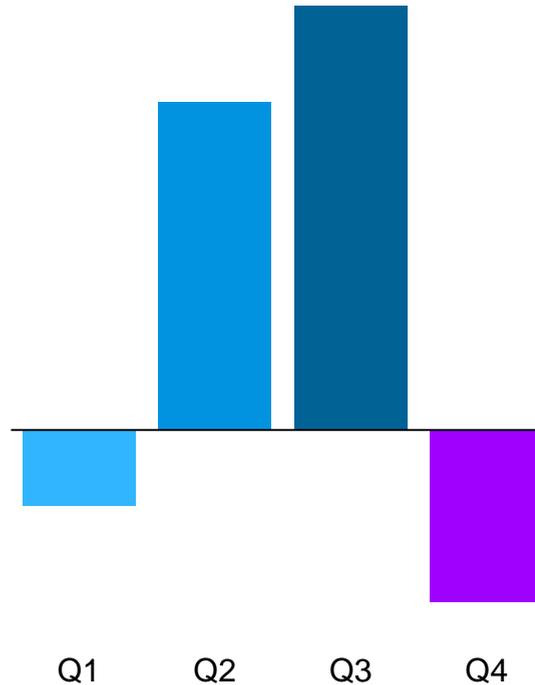
2010–2015 average for Learning

Net sales split



■ Q1 ■ Q2 ■ Q3 ■ Q4

EBIT* split in relative terms

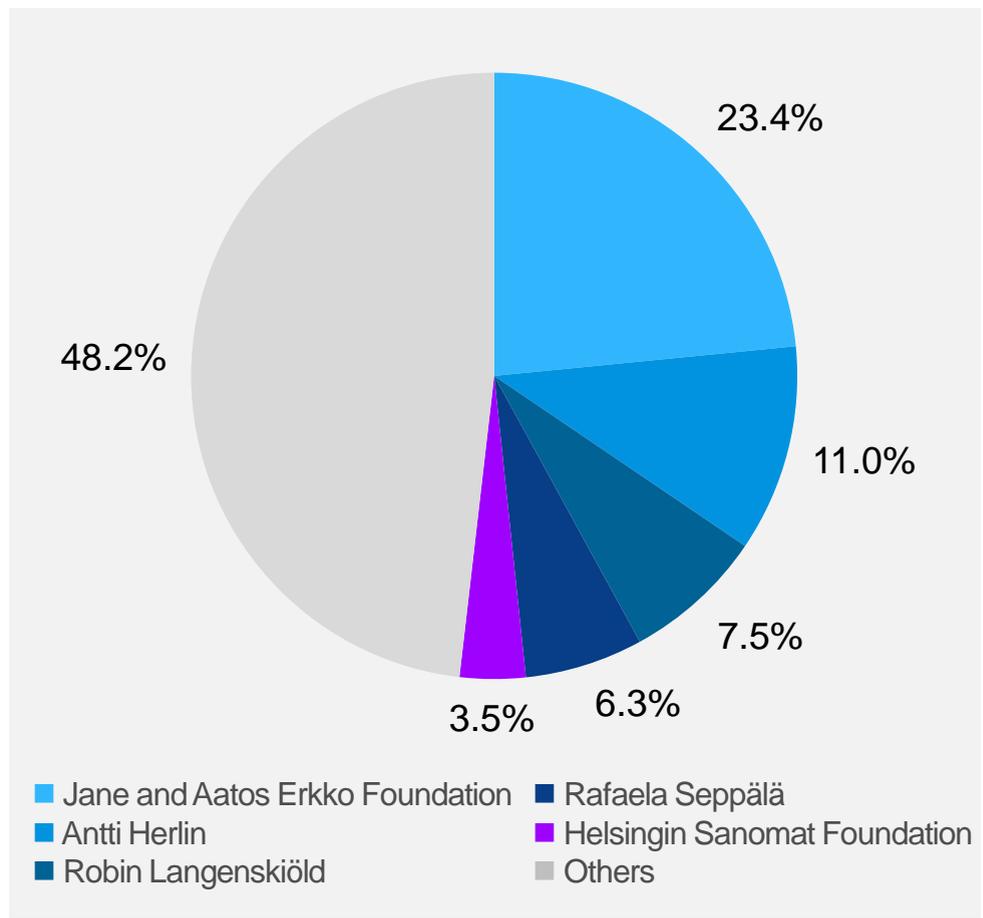


*Excluding non-recurring items.

Sanoma – Largest Shareholders

	% of shares and votes
31 December 2015	
1. Jane and Aatos Erkko Foundation	23.44
2. Antti Herlin (Holding Manutas Oy: 11.02%, personal: 0.02%)	11.04
3. Robin Langenskiöld	7.54
4. Rafaela Seppälä	6.31
5. Helsingin Sanomat Foundation	3.50
6. Ilmarinen Mutual Pension Insurance Company	2.19
7. Foundation for Actors' Old-age-home	1.38
8. State Pension Fund	1.28
9. Noyer Alex	1.21
10. WSOY Literary Foundation	1.18
Foreign ownership in total	9.7
Total number of shares	162,812,093
Total number of shareholders	25,636

Institutional investors: around 67% of shares
 Private investors: around 33% of shares



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